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## **South Florida Water Management District**

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### **MINUTES GOVERNING BOARD WORKSHOP**

April 11, 2007

1:00 PM

PGA National Resort & Spa - British Ball Room  
400 Avenue of the Champions  
Palm Beach Gardens, FL

#### Members Present:

**Eric Buermann**

**Miya Burt-Stewart**

**Michael Collins**

**Charles Dauray**

**Nicolás Gutiérrez**

**Lennart Lindahl**

**Kevin McCarty, Chair**

**Harkley Thornton**

**Malcolm Wade**

#### **1. Call to Order - Kevin McCarty, Chair, Governing Board**

Chair McCarty called the meeting to order at 1:10 pm.

#### **2. Approval of Minutes from the last month's Governing Board Meeting**

Approval of minutes of the Workshop on March 14, 2007, and the Regular Meeting March 15, 2007 held in West Palm Beach.

Motion made by Lennart Lindahl, seconded by Michael Collins to Approve the following item(s): 2

Vote called. Voting yes: Lennart Lindahl, Michael Collins, Eric Buermann, Charles Dauray, Nicolás Gutiérrez, Kevin McCarty, Harkley Thornton, Malcolm Wade. Not present: Miya Burt-Stewart. Motion passed.

#### **3. Agenda Addendum**

Jacki McGorty, District Clerk, reported there were no agenda items added to the Workshop agenda. The Closed-Door Sessions for April 11th and April 12th have been cancelled.

#### **4. Pull Items for Discussion from Governing Board Meeting Agenda**

Item No. 9, Page 11, #1, Doral Section 8, Atlas Property I LLC, (051101-13) was pulled from the Consent Agenda to the Discussion Agenda.

## **5. Water Resources Advisory Commission Update - Michael Collins, Chair**

Mr. Collins reported on the WRAC Lake Okeechobee Committee meeting held on 3/28, 2007. He provided a brief overview of WRAC to the new Governing Board members.

Mr. Collins provided an update on the WRAC Lake Okeechobee Committee.

Mr. Collins reported on the legislative update and the WRAC member issues. Mr. Collins reported on the Lake Okeechobee Regulation Schedule. The WRAC agreed to recommend to the District Governing Board that the U.S. Army Corps of Engineers (USACE) "reformulate" the proposed new Lake Okeechobee Regulation Schedule because a) there could be adverse impacts on water supplies and limited benefits to the estuaries and b) State law requirements for Minimum Flows and Levels would not likely be met at the low end of the schedule.

Mr. Collins reported on the Florida Bay Algal Blooms, and the Alligator Hunting on Stormwater Treatment Areas (STAs). Mr. Collins provided dates for the upcoming WRAC meetings.

## **6. STRATEGIC PLANNING RETREAT**

**Opening Remarks - Kevin McCarty, Chair, Governing Board**

Chair McCarty provided opening remarks for the strategic planning retreat.

This is the time each year for the Governing Board to:

- Review long-term agency direction
- Update/change that long-term direction to reflect emerging issues
- Set more specific direction for FY2008
- Allocate funds to priority work efforts based on projected revenues
- Direction provided will be used by the staff to build the FY2008 annual plan and budget.

## **7. Legislative Update - Ernie Barnett**

Ernie Barnett, Director of Policy and Legislation, provided a legislative update on the Northern Everglades Legislation. Mr. Barnett reported that this legislation provides a dedicated state funding source for Northern Everglades Restoration. The bill will also extend the states commitment to provide funding for CERP and the Northern Everglades through the year 2020. Mr. Barnett provided an update on the funding which includes:

- 5 million per year to implement each estuary watershed protection plan.
- Best Management Practices.
- Lake Okeechobee Phase I and II Technical Plans.
- \$100 Million per year continued funding for CERP through the year 2020.

Ms. Wehle said the additional increase in funding by the State is for Northern Everglades Restoration and water quality projects.

Mr. Lindahl provided comment on short and long-term financing in order to deal with cash flow.

Mr. Barnett provided a legislative update on the House's and the Senate's proposals on property tax.

Mr. Collins provided comment on the tax reform and the impacts to funding for the District.

Ms. Burt-Stewart had questions regarding alternative water supply funding. Mr. Barnett provided information on the alternative water supply funding program.

## **8. Strategic Issues Discussion**

Comprehensive Everglades Restoration Program - Ken Ammon

-CERP Overview

Ken Ammon, Deputy Executive Director, Acceler8, provided an overview of the Comprehensive Everglades Restoration Plan. Mr. Ammon reported on the historical problems leading to the construction of Central & South Florida Project (C&SF). Mr. Ammon reported that the C&SF project is one of the worlds largest and most complex water resource management systems. The project has 1800 miles of canals and levees, 160 major drainage basins, over 2000 water control structures, and 36 pump stations.

Mr. Ammon reported on the Comprehensive Everglades Restoration Programs (CERPs) goal which is to restore, protect, and preserve South Floridas ecosystem, while providing for other water-related needs of the region, including water supply and flood protection. Mr. Ammon reported on the water storage reservoirs, aquifer storage and recovery (ASR), seepage management, wetland restoration, the storm water treatment areas (STAs) and the removal of barriers to sheet flow.

Mr. Ammon reported on the Acceler8 program. He provided information on the early restoration benefits, the project selection, the Acceler8 timeline, and the construction costs.

Ms. Burt-Stewart reported on shared-funding with the Federal Government and wanted to ensure there is a joint partnership regarding this issue.

Certificates of Participation Overview - Paul Dumars

Paul Dumars, Chief Financial Officer, provided an overview of the Certificates of Participations (COPs). Mr. Dumars reported on the funding strategy and the structure of COPs. Mr. Dumars reported on the status of COPs and the successes of COPs. This is the first time that Certificate of Participations will be used for environmental purposes. Mr. Dumars also discussed the following:

First issue of \$546 million November 2006

Additional \$1.2 billion remains to be issued over the next three years.

Projected debt capacity of \$2.2 billion within existing debt ratios.

## Water Resources - Chip Merriam

Chip Merriam, Deputy Executive Director, provided information on Lake Okeechobee and the primary issues that affect the Lake. They are: high nutrient loads, extreme high and low lake stages, and the spread of exotic species. Mr. Merriam reported on the Lake Okeechobee Protection Act and the Lake Okeechobee Regulation Schedule.

Mr. Merriam provided information on environmental monitoring, the Central Florida Coordination Area (CFCA) and Water Supply Regional Issues which include: Central Florida Coordination Area, Miami-Dade Water & Sewer Short-Term agreement, and the Regional Water Utility Projects. He also discussed well plugging, the alternative water supply program, and water shortage management. Mr. Merriam provided information on estuary total maximum daily loads (TMDL) and water quality standards.

Chair McCarty provided comment on dredging of Lake Okeechobee and requested to expand the contract for the restoration of Lake.

Mr. Merriam reported on the equipment to do the work if the contract is extended.

Ms. Wehle said the funding from the State would be available on July 1 and staff would report to the Board the progress being done regarding this contract.

Mr. Dauray asked about filtration reservoirs and muck removal from Lake Okeechobee.

Mr. Merriam reported on the muck removal and the impacts to the estuaries.

Ms. Wehle provided additional comment for muck removal and the phosphorus levels in Lake Okeechobee.

Mr. Collins reported on monitoring, restoration and the decision-making process.

Chair McCarty provided information on land acquisitions.

Mr. Wade provided comment on the Eagle Bay Project, the sediments in Lake Okeechobee, and the funding for the extensive amount of muck removal.

Ms. Wehle said there will be workshops conducted with Governing Board members regarding these Lake Okeechobee issues.

## Operations & Maintenance - George Horne

George Horne, Deputy Executive Director, Operations & Maintenance provided information on Operations & Maintenance. Mr. Horne provided information on the telemetry communications system, and the telemetry expansion drivers.

Mr. Horne reported on the 50-year refurbishment plan, the proposed rehabilitation design for the Herbert Hoover Dike, the Loxahatchee Refuge Exotics Control and the new projects that are driving additions and resource needs for Operations & Maintenance.

Mr. Lindahl explained to the new Governing Board members the history of the 50-year refurbishment plan.

Mr. Horne reported on increased construction costs and National Resources Conservation Service.

Mr. Olliff reported on the O&M construction engineering staff, the burn rate and the budget.

Mr. Horne reported on O&Ms damages and bank erosion from the previous hurricanes.

Mr. Buermann asked about putting money aside yearly for potential hurricane damage.

Mr. Wade asked about the 50-year plan and the refurbishment of capital replacement.

Ms. Wehle reported on the dedication of ad valorem growth to the rehabilitation of the Central and Southern Flood control projects.

Mr. Collins reported on ad valorem growth and future equipment costs.

## Mission Support - Sandra Turnquest

Sandra Turnquest, Deputy Executive Director, Corporate Resources, provided information on Mission Support. Ms. Turnquest reported on current business trends which included turnover rate, State unemployment rate, the number of days to fill vacant positions, the millage rates not being increased since FY98 and the average annual increase in number of employees. Ms. Turnquest reported on the adopted budgets, the 3-year Encumbrance Trend Comparison, and the 3-year ad valorem burn rate comparison. Ms. Turnquest reported on the future outlook and priorities for Mission Support.

## Long-Term SAP Plan - Paul Dumars

Mr. Dumars provided information on the SAP Plan. He reported on the three-year projected implementation costs of \$10M.

Mr. Collins asked about modules and projection costs pertaining to SAP.

Mr. Dumars reported on an Internal Control Committee who will be reviewing the requests for SAP.

Mr. Olliff reported on the initial business practice system of SAP.

Ms. Wehle provided information on the implementation of the SAP modules.

## 9. Priority Funding and Policy Discussion - Tom Olliff and Doug Bergstrom

### Strategic Priority & Funding Policy Discussion - Tom Olliff

Mr. Olliff, Assistant Executive Director, requested direction from the Board:

-Give direction regarding changes to strategic plan priorities, allowing the staff to draft a proposed 2008 update for consideration in May.

-Understand the extremely dynamic landscape within which we are building the 2008 budget.

-Develop a budget policy from which we can build an annual work plan and budget.

Mr. Olliff reported on the adopted 2007 strategic planning priorities which are:

- Expedite Everglades Restoration through completion of Acceler8 projects.
- Achieve Everglades water quality standards.
- Integrate Kissimmee Watershed management strategies and river restoration.
- Minimize impacts of the Central and Southern Flood Control System on the St. Lucie and Caloosahatchee estuaries.
- Restore the health of Lake Okeechobee
- Refurbish the regional water management system.
- Meet the current and future demands of water users and the environment.
- Retain and recruit high quality, diverse workforce.

Mr. Olliff reported on the two proposals for revision which are:

- Inclusion of a Northern Everglades Priority Statement (subject to final passage of a bill).
- Edit the Acceler8 Priority statement to recognize the transition from just A8 to Environmental Restoration Construction.

Mr. Lindahl requested the inclusion of Northern Everglades can be incorporated into the integration of the Kissimmee Watershed management and the minimization impacts on the St. Lucie and the Caloosahatchee estuaries.

Mr. Olliff said it is specific in the legislation and he would merge the three items into a statement to capture all three concepts into a Northern Everglades priority statement.

Mr. Olliff reported staff will be presenting to the Board a draft strategic planning document at the workshop in May.

Mr. Olliff presented information on the budget. Mr. Olliff reported on declining real estate market sales, the projected tax roll growth, sales tax and documentary stamp tax receipts, and the previous years increases in assessed value. Mr. Olliff reported on the increased cost of construction, the personnel costs, ad valorem tax revenue, and the District's reserves. Mr. Olliff reported on the financial forecast the tax roll growth, and the agency's funding priority. Mr. Olliff reported on the tax policy options for Board consideration which were:

-6% based on CPI and tax roll new construction.

-7% in recognition of higher inflation rates for construction, labor & material.

-8.9% based on economic and demographic research estimates.

The recommendation:

In recognition of the significant and environmental and operational challenges facing South Florida and the importance of being balance and responsive to the public, the Governor, and the Legislature:

-Set a tax policy for FY2008 that utilizes 7% of the total tax roll growth

Mr. Olliff provided information on the FY2008 draft Governing Board budget policy including use of the proposed 7% growth for inflation and cost adjustments, St. Lucie and Caloosahatchee Water Quality projects, O&M capital refurbishments, and local cooperative AWS projects.

Mr. Collins agrees with the 7% budget policy and the strategic priorities.

Mr. Gutiérrez agrees with Mr. Collins and said the retreat was very informative.

Mr. Lindahl reported on the District being categorized under "special districts" and how they primarily deal with infrastructure. He supports the 7% budget policy.

Mr. Wade requested Ms. Wehle contact the Governor's office to see if there is any direction for agencies regarding taxes.

Mr. Wade also requested a prioritization of spending dollars and staff time.

Mr. Dauray provided comment about the velocity of the variables in the next year.

## **10. Acceler8 Report - Rachlin, Cohen and Holtz**

Acceler8 Report - Rachlin Cohen & Holtz

John Gabriel, CPR, Rachlin Cohen & Holtz provided information on the Acceler8 report. Mr. Gabriel reported on the summary of the agreement and the performed procedures on the federal and non-federal cost-share related to Corps expenditures. They have been in contact with Corps personnel assigned to the Acceler8 program and have begun initial procedures.

Patrick Conner, Rachlin Cohen & Holtz, provided information on the cost estimates of Acceler8 and the Acceler8 programs costs by category. The cost estimates have increased dramatically due to the unit costs of the original eight projects. Additional findings found the pump stations cost estimates were increasingly above original baseline estimates due to construction factors relevant to South Florida.

Mr. Collins provided information on inflationary costs, re-engineering, and additional projects added to the Acceler8 program.

Ms. Wehle provided information on the design, construction, and engineering of Everglades Restoration and that Acceler8 continues to be the original eight projects.

Mr. Conner reported they conducted an information systems review and interviewed various information technology personnel regarding data protection, disaster recovery, antivirus protection, database administration and security. He reported on labor costs.

Mr. Conner reported on RECOVER. Mr. Conner reported on the Jacobs/MWH Joint Venture invoices and made recommendations on the invoice process.

Mr. Collins provided comment on the accounting procedures and retrieving information from the USACE. Mr. Collins did not recommend proceeding with an additional audit.

## **11. Everglades Restoration Strategic Discussion - Tommy Strowd**

Everglades Restoration Strategic Discussion - Tommy Strowd

Tommy Strowd, Assistant Deputy Director, Acceler8, provided information on the Everglades Restoration Strategy. The key points were:

- Everglades Restoration is moving forward.
- Project Cost & Schedules increased.
- Programmatic Focus:
  - o Prioritization
  - o Federal participation
  - o Resources



Mr. Strowd reported on the successes of Everglades Restoration which are to build the organizational structure to deliver the massive capital improvement program, the work on all 24 project components is well underway or completed, and to initiate \$935M worth of design and construction projects.

Mr. Strowd reported on the completion of storm water treatment area expansion which were completed on time and on budget.

Mr. Strowd reported on the major factors influencing cost and provided a cost factor summary. Mr. Strowd provided information on the program challenges, the cost volatility, and the key recommendations.

Mr. Wade provided information on increased construction costs due to the costs of steel, concrete, and labor.

Mr. Lindahl reported on the extraordinary costs in South Florida. Mr. Lindahl provided information on adaptive design, management, and the budget.

Ms. Burt-Stewart asked about the program challenges. Mr. Strowd provided additional information on this issue.

Ms. Wehle reported on the debt-to-revenue ratio.

Mr. Strowd provided the key recommendations for Everglades Restoration. They were:

- Focus on prioritization and scope of work projects in the face of increasing costs.
- Consider opportunities for Federal lead in design & construction.
- Refocus resources for delivery of remaining projects.
- Develop flexibility for resources.
- Emphasize timely decision-making among partners.

Mr. Lindahl provided comment on the creation of the test cells and design information.

Ms. Wehle commended the Acceler8 staff for their hard work and dedication to the Acceler8 projects.

## **Executive Office**

12. Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in United States of America v. South Florida Water Management District, et al. United States District Court, Southern District of Florida, Case No. 88-1886-CIV-Moreno.

Sheryl. G. Wood, General Counsel, Office of Counsel, x6976

### **Action Items (if any) Stemming from Closed Sessions**

Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in United States of America v. South Florida Water Management District, et al. United States District Court, Southern District of Florida, Case No. 88-1886-CIV-Moreno.

Sheryl. G. Wood, General Counsel, Office of Counsel, x6976

The closed-door sessions were cancelled.

13. Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in J & H Groves Holding, L. C. v. South Florida Water Management District, et al., Circuit Court, Twentieth Judicial Circuit, Hendry County, Case No. 06-631CA.

Sheryl. G. Wood, General Counsel, Office of Counsel, x6976

**Action Items (if any) Stemming from Closed Sessions**

Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in J & H Groves Holding, L. C. v. South Florida Water Management District, et al., Circuit Court, Twentieth Judicial Circuit, Hendry County, Case No. 06-631CA.

Sheryl. G. Wood, General Counsel, Office of Counsel, x6976

The closed-door sessions were cancelled.

14. Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in Gabriel v. South Florida Water Management District, 15th Judicial Circuit, Palm Beach County, Case No. 502004 CA 004488 Gerber.

Sheryl. G. Wood, General Counsel, Office of Counsel, x6976

**Action Items (if any) Stemming from Closed Sessions**

Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in Gabriel v. South Florida Water Management District, 15th Judicial Circuit, Palm Beach County, Case No. 502004 CA 004488 Gerber.

Sheryl. G. Wood, General Counsel, Office of Counsel, x6976

The closed-door sessions were cancelled.

15. Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in Roker v. South Florida Water Management District, et al. United States District Court, Southern District of Florida, Case No. 06-80768 CIV-MIDDLEBROOKS/JOHNSON.

Sheryl. G. Wood, General Counsel, Office of Counsel, x6976

**Action Items (if any) Stemming from Closed Sessions**

Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in Roker v. South Florida Water Management District, et al. United States District Court, Southern District of Florida, Case No. 06-80768 CIV-MIDDLEBROOKS/JOHNSON.

Sheryl. G. Wood, General Counsel, Office of Counsel, x6976

The closed-door sessions were cancelled.

16. Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in Pietrucha v. South Florida Water Management District, 15th Judicial Circuit, Palm Beach County, Case No. 50-2005 CA 006879 Kelley.

Sheryl G. Wood, General Counsel, Office of Counsel, x6976

**Action Items (if any) Stemming from Closed Sessions**

Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in Pietrucha v. South Florida Water Management District, 15th Judicial Circuit, Palm Beach County, Case No. 50-2005 CA 006879 Kelley.

Sheryl G. Wood, General Counsel, Office of Counsel, x6976

The closed-door sessions were cancelled.

17. Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in Friends of the Everglades, Inc. and Fishermen Against Destruction of the Environment, Inc. v. South Florida Water Management District, et al., United States District Court, Southern District of Florida, Case No. 02-80309-CV-Altonaga/Turnoff; Miccosukee Tribe of Indians of Florida v. South Florida Water Management District, et al., United States District Court, Southern District of Florida, Case No. 98-6056-CIV-Lenard/Klein; and Friends of the Everglades v. South Florida Water Management District, United States District Court, Southern District of Florida, Case No. 98-6057-CIV-Lenard/Klein.

Sheryl G. Wood, General Counsel, Office of Counsel, x6976

**Action Items (if any) Stemming from Closed Sessions**

Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2005) to discuss strategy related to litigation expenditures in Friends of the Everglades, Inc. and Fishermen Against Destruction of the Environment, Inc. v. South Florida Water Management District, et al., United States District Court, Southern District of Florida, Case No. 02-80309-CV-Altonaga/Turnoff; Miccosukee Tribe of Indians of Florida v. South Florida Water Management District, et al., United States District Court, Southern District of Florida, Case No. 98-6056-CIV-Lenard/Klein; and Friends of the Everglades v. South Florida Water Management District, United States District Court, Southern District of Florida, Case No. 98-6057-CIV-Lenard/Klein.

Sheryl G. Wood, General Counsel, Office of Counsel, x6976

The closed-door sessions were cancelled.

**18. Adjourn**

Chair McCarty adjourned the meeting at 5:40 pm.

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Kevin McCarty  
Chairman  
South Florida Water Management District Governing Board

Recorded By:

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Cathy Widness  
Administrative Assistant Senior  
Governing Board and Executive Services  
SFWMD